GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3177
ANSWERED ON:22.03.2002
DIVERSION OF PLAN FUND
SHEESH RAM SINGH RAVI

Will the Minister of FINANCE be pleased to state:

(a): whether cases of plan funds being used for non-plan purposes have come to the notice of the Government;

(b): if so, the details of those cases during the last three years;

(c): the reaction of the Government thereto;

(d): the action taken in those cases; and

(e): the measures taken to ensure non-recurrence of such diversions?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (e): Yes, Sir. As most States have been facing large Revenue deficits in their budgets, Plan funds have in many cases been diverted to meet emergent non-plan needs. For shortfalls in Plan expenditure reported by State Governments, proportionate cuts are made from the Central Assistance allocated to the State Government. The only effective cure to prevent such diversion is for the States to ensure that Revenue deficits are wiped out. Subsequent to the recommendations of the Eleventh Finance Commission, the Ministry of Finance has drawn up a scheme called the States` Fiscal Reforms` facility. Under this scheme, States are being given suitable incentives to bring down their Revenue Deficits by 2004-05.